

May 15, 2020

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Standard Offer, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) - S.C. Code Ann. Section 58-41-20(A)
Docket No. 2019-185-E (Duke Energy Carolinas, LLC)
Docket No. 2019-186-E (Duke Energy Progress, LLC)

Dear Ms. Boyd:

Pursuant to the Public Service Commission of South Carolina's (the "Commission") Order on Rehearing and Reconsideration, Order No. 2020-315(A) (the "Order"), issued in the above-referenced dockets on April 17, 2020, Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP," and, together with DEC, the "Companies" or "Duke") hereby submit for filing: (i) DEC's updated Standard Offer Purchased Power Tariff, Schedule PP ("DEC Standard Offer Tariff") and (ii) DEC's and DEP's Large Qualifying Facility Tariff ("Large QF Tariffs"). Duke is also submitting for filing DEC's and DEP's Large QF Power Purchase Agreement ("Large QF PPA") incorporating limited updates and corrections to the Large QF PPA filed with the Commission on January 17, 2020 in response to Order No. 2019-881(A).

For the DEC Standard Offer Tariff and the DEC/DEP Large QF PPA, the Companies provide both clean and redlined versions. Except as otherwise described herein, each redline version illustrates changes from the version of the document most recently filed with the Commission on January 17, 2020, as part of Duke's compliance filing required by Order No. 2019-881(A). A description of each document and the changes included to incorporate the Commission's most recent Order, as applicable, are included as follows:

DEC Standard Offer Tariff:

In Ordering Paragraph 9 of the Order, the Commission directed DEC to modify the DEC Standard Offer Tariff to add two additional energy pricing periods as proposed in the South Carolina Solar Business Alliance Witness Ed Burgess's testimony, and to file the updated tariff

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with the Commission (Order, page 22). The Standard Offer Tariff enclosed herein modifies the rate design to include the two additional energy pricing periods, as required by the Order. Ordering Paragraph 7 of the Order also directed DEC to correct the Fixed Charge Rate in calculating the 10-year avoided capacity rates. This correction has also been incorporated into the DEC Standard Offer Tariff.

DEC and DEP Large QF Tariffs:

In Ordering Paragraph 8 of the Order, the Commission directed the Companies to file a Large QF Tariff similar in structure to the Standard Offer Tariff. As part of the Commission's Order, DEC's and DEP's Large QF Tariff is to include provisions regarding calculating rates using "a 'flat,' technology-neutral 100MW production profile rather than a project-specific profile, but shall calculate rates using updated inputs, such as fuel prices and an updated resource plan" (Order, page 23). The Companies hereby provide the Companies' respective Large QF Tariffs.

Consistent with Ordering Paragraph 6 of the Order, the Companies will routinely update their inputs for both avoided energy and avoided capacity costs based upon DEC's and DEP's most current integrated resource planning assumptions and forecasts when calculating avoided energy and capacity cost rates available to Large QFs (Order, page 19, Ordering Paragraph Six 6). The Companies plan to update the avoided energy and capacity rates available to Large QFs on a quarterly basis, with the first update being filed on or about October 1, 2020, after the Companies file their Integrated Resource Plans this Fall.

DEC/DEP Large QF PPA:

DEC/DEP's Large QF PPA was submitted to the Commission on January 17, 2020, as part of the compliance filing for Order No. 2019-881(A). Recently, the Companies became aware of an inconsistency between the Large QF PPA and the Partial Settlement Agreement filed with the Commission on October 21, 2019 and approved by Order No. 2019-881(A) ("SISC Settlement"). As a result, the Companies have amended Section 4.8 of the PPA addressing the Solar Integration Services Charge ("SISC") to identify that the SISC will be a fixed charge as opposed to updated on a biennial basis, along with Section 1.88 to further address the application of the SISC. These limited corrections align with agreements made in Section 2 of the SISC Settlement. The Companies have also amended the PPA by adding a new Section 4.9 and Exhibit 11 (Application of SISC Credit) to more clearly address how sellers can avoid the SISC, as directed by the Commission in Order No. 2019-881(A) and agreed to in the SISC Settlement. Duke previously filed SISC avoidance protocols in the above-captioned dockets on November 18, 2019, and the redlined provisions in Exhibit 11 reflect changes to the SISC avoidance protocols, as previously filed. Finally, Exhibit 10 (Energy Storage Protocols) of the Large QF PPA is also amended to reflect the Companies' most current energy storage protocols. Exhibit 10 now aligns with the form of PPA now being used in Tranche 2 of the Competitive Procurement of Renewable Energy Program. These updates and limited corrections more fully align the DEC/DEP Large QF PPA to the SISC provisions provided in the SISC Settlement as approved by the Commission.

The updated DEC Standard Offer Tariff has been filed electronically using the Commission's E-Tariff system. Since the DEC and DEP Large QF Tariffs are new tariffs, they are being submitted by email to etariff@psc.sc.gov for filing on the Commission's E-Tariff system.

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By copy of this letter, Duke is providing the other parties of record with an electronic copy of the documents attached hereto.

Sincerely,



Rebecca J. Dulin

Attachments

- C: Parties of Record (via email)
 John Dalton, Power Advisory, LLC (via email)
 Natanel Lev, Power Advisory, LLC (via email)
 Carson Robers, Power Advisory, LLC (via email)